

# EXECUTIVE SECRETARIAT ROUTING SLIP

TO:

		ACTION	INFO	DATE	INITIAL
1	DCI				
2	DDCI		✓		
3	EXDIR				
4	D/ICS				
5	DDI				
6	DDA				
7	DDO				
8	DDS&T				
9	Chm/NIC				
10	GC				
11	IG				
12	Compt				
13	D/Pers				
14	D/OLL				
15	D/PAO				
16	SA/IA				
17	AO/DCI				
18	C/IPD/OIS				
19	PS		✓		
20					
21					
22					
SUSPENSE		Date			

STAT

Remarks

Executive Secretary

8/21/84

Date

3637 (10-81)



EMERGENCY MOBILIZATION PREPAREDNESS BOARD  
Washington, D.C. 20472

Executive Registry

84-2773/1

AUG 20 1984

MEMORANDUM FOR: BOARD MEMBERS

FROM:

*John R. Lilley II*  
John R. Lilley, II  
Deputy Executive Secretary

SUBJECT: Approved Minutes of Thirteenth Board Meeting

Attached are the minutes of the thirteenth Board meeting held on July 11, 1984.

The minutes were approved by the Chairman on August 13, 1984.

Attachments

cc:  
Working Group Chairmen  
Liaison Officers  
Points of Contact

L-315



Thirteenth Board Meeting  
July 11, 1984

Minutes

The thirteenth meeting of the Board was convened in the Indian Treaty Room of the Old Executive Office Building at 4 p.m., Wednesday, July 11, 1984.

Chairman Robert McFarlane opened the meeting with a few words about the Board's effort and its relationship to the National security. He quoted from NSDD-47 which sets forth the President's policy and stressed that the philosophy must be reflected in the National Plan of Action. He stated that the Board members should have a sense of pride in the accomplishments made in implementing the measures in the Plan. Noting that there are natural inhibitions that agencies' parochial interests, budgets, and resources may be chipped away by this effort, he asked members to dispel fears that this process would alter fundamental prerogatives and authorities of their agencies. He encouraged members to continue the effort, to avoid turf battles, and to proceed with an honest dialogue resulting in strategies for the public good.

He went on to recall that, in his statement promulgating the National Plan of Action, the President stressed that the implementation measures were to be the essential first steps in achieving a preparedness capability and had accordingly directed that the document be updated by the addition of new or revised measures as necessary. In this regard, the Chairman reported that he had sent members a memorandum asking them to review the Plan to see if it contained everything necessary to fully manage a mobilization. He asked that this effort be pursued in a measure of good faith by all concerned to decide what more is needed in "fleshing out" the Plan and to iteratively improve on what is being done.

Chairman McFarlane then introduced and welcomed two new Board members: Mr. Bruce Chapman from the Office of the Counsellor to the President, and Mr. Danny Boggs from the Department of Energy.

The Chairman announced that his "right hand," Brigadier General Horace Russell, had been reassigned to the Joint Chiefs of Staff. He praised General Russell for his hard work, dedication, and extensive substantive knowledge in the area of national security. He said he was personally grateful for all that General Russell had done and presented him with a Certificate of Appreciation.

The Chairman then called on Mr. Giuffrida, the Director of FEMA, who read a citation and presented General Russell with a FEMA Certificate of Appreciation. He pointed out that FEMA, as the youngest member of the team, was particularly appreciative of General Russell's help and hard work.

The Chairman then introduced Colonel John Douglass who will replace General Russell as the NSC Point of Contact for the Board.

FOR OFFICIAL USE ONLY

## FOR OFFICIAL USE ONLY

The Executive Secretary, Fred Villella, reported on the status of EMPB activities. Mr. Villella reported that:

- o Executive Order 11490 has not yet been cleared for delivery to the President. It was sent to the Department of Justice (DOJ) in May and returned to the Office of Management and Budget (OMB) with some 44 questions. FEMA was requested to respond to the questions on July 3 and the reply was returned to DOJ on July 5 for final legal review.
- o The second meeting of the Automated Information Processing (AIP) Task Force of the Government Operations Working Group was held June 25. Further progress was made toward defining the objectives of the Group. An AIP implementation measure is included in the proposed changes to the Plan of Action.
- o The third draft of the "National Plan for Federal Response to a Catastrophic Earthquake" has been completed. The procedures included in this plan will be tested during Exercise "Response 84" scheduled for August. This is a tabletop exercise which will involve FEMA and the other Federal agencies at the national level.
- o The Barter Working Group convened recently on short notice to consider a proposed revision to the barter agreement with Jamaica for bauxite. Based on the results of this first substantive meeting, it appears that this mechanism will be an effective forum for consideration of barter proposals. They are currently conducting deliberations on another proposal.
- o The Attorney General has provided the Administrator of Veterans Affairs with an opinion concerning any impediments to VA's participation in the National Disaster Medical System (NDMS). The bottom line of the opinion states: "We trust this advice has been useful to you, and will clear the way for participation by the VA in the planning and implementation of the NDMS." Discussion of the matter will be proposed as an agenda item for the next Board meeting.
- o Research, abstraction, and computerization of Federal emergency authorities has been completed. The computerized retrieval system of emergency authorities is now operational.

(Mr. Giuffrida was asked to comment further on the system.)

Mr. Giuffrida stated that FEMA, in cooperation with other Federal departments and agencies, has developed an Emergency Authorities Computerized Retrieval System (EACRS). The system, which contains approximately 1,500 legal citations and English language synopses, is designed to provide Federal attorneys and program personnel with a means of quick access to all Federal authorities pertaining to both domestic and national security emergencies, thereby enhancing the ability of the Federal Government to plan for and respond to the full range of emergencies. The system, which contains statutes, Executive Orders, regulations, treaties, and delegations of authority, is operational and will soon be made available for use by Federal departments and agencies. He advised that Mr. John Dickey of the FEMA staff has responsibility for the project and will be willing to work with anyone wanting to use this resource. A more detailed description of EACRS is at attachment 1.

Mr. Villella pointed out that the members had been furnished copies of proposed changes to the Plan of Action and asked if there were any questions or comments. The Chairman, not hearing any comments or objections, approved the changes as submitted.

The Chairman then introduced the main agenda item, emergency economic stabilization. He noted that, at the last Board meeting, Dr. Fred Ikle, the DOD member, had observed that there had not been sufficient consideration given by the Board to economic and fiscal mobilization matters. Specifically, the issue of how the government would insure economic stability in time of mobilization or how the effects of mobilization would be dealt with in the private sector, had not been sufficiently addressed.

In offering guidance for consideration of the issue, he quoted the President's policy from NSDD-47, which states:

"It is the policy of the United States to develop a variety of authorities and plans which could be used in maintaining stable economic conditions during national security emergencies, giving particular emphasis to measures which will minimize inflation and shortages; enhance morale and assure that the burdens of the emergency are being fairly shared; facilitate an orderly return to a normal economy as soon as possible; and allow the allocative efficiencies of the free market to operate where possible, with alternative measures involving direct government intervention in the economy to be used only at the latest appropriate time."

The Chairman observed that, although this is a simple statement, its translation into action becomes very complex.

He then called on Dr. Manuel Johnson, Assistant Secretary of the Treasury, to provide an overview of the accomplishments, to date, of the Economic Stabilization and Public Finance Working Group (ES&PFWG), and to discuss what additional measures needed to be developed in this area.

Dr. Johnson opened his presentation by stressing the importance of the NSDD-47 policy statement which the Chairman had quoted and noted particularly its emphasis on reliance on free market forces. He observed that the statement sets the stage for the work already accomplished by the Working Group as well as any future actions. He noted that, historically, problems have arisen with controls, including distortions, and that it is better to rely on fiscal policy and the market mechanisms. He suggested that, in a mobilization, the Government's role would be limited to monetary and fiscal policy to help stabilize prices. Emphasis would be on traditional tax mechanisms for securing defense resources, with the rates of monetary growth adjusted to stabilize the economy. Direct price, wage, rent and credit controls would be avoided as long as possible.

He suggested, however, the possibility of situations "beyond historical experience" which would call for strategies involving direct controls. Under these circumstances, standby authorities should be available for use at the discretion of the President. He pointed out that assumptions regarding reliance on free market mechanisms and tax/monetary policies

were used in national strategic stockpile scenario exercises, and that they had allowed the government to obtain the necessary materials for the stockpile. He stated that, in his view, the actions called for in a stockpile study by the Strategic Materials Task Force of the Industrial Mobilization Working Group are consistent with those proposed by the ES&PF Working Group.

At this point Dr. Ikle indicated that there should be a number of trigger points and some idea of what types of tax proposals would be utilized. He noted that many tax proposals would take a long time to implement and that such tax measures should be identified and described in detail.

Dr. Johnson stated that his office had prepared a set of emergency tax guidelines as a starting point, and that these could be made available to the various Board members. He also noted that the stockpile study went through this macro-modeling activity in formulating its assumptions and suggested that its findings may be transferable.

Mr. Giuffrida commented that at some point, the planning in this area should include a sense of when, and by whom, a decision is made that the free market is not adequate. He suggested that the structure for making this decision should be addressed.

Dr. Ikle suggested first "fleshing out" options for a free market approach for decision by the departments and agencies. He noted that the package prepared by the ES&PF Working Group needed further development and proposed a timetable for work to be done by the end of the year. The Chairman agreed and suggested the Working Group aim for October 1, 1984, with later refinement of the product.

Mr. William Niskanen, from the Council of Economic Advisers (CEA), commented that the papers prepared by the Working Group are, in his opinion, totally inconsistent with government policy. He said that the report does not explore instances where it would be necessary to absorb resources in the public sector. He stated that the fiscal sections should be expanded but suggested that the remainder of the package, as structured, constitutes a blueprint for socialism in the functioning of the American economy in wartime. He considered this part of the report to be dangerous and recommended that it be destroyed.

He noted that, during peacetime, the costs of control programs are considerably less than in a wartime situation, when information becomes critical to the functioning of the market systems. He stated that controls function to cut off market information, and could result in extreme damage to the system. Noting that there was no destruction of domestic resources during World War II, he observed that the information base necessary to the functioning of the systems was intact. He suggested that such would probably not be the case in a post World War II environment, and stressed the importance of mechanisms which rely on the market forces rather than those requiring governmental control. He stated that, as currently structured, the Working Group products do not address these and other post-attack problems that might exist in the economy.

He then went on to point out that, fundamentally, there are two contexts in which the controls program has to be evaluated. One is a conventional World War II type scenario, and the second is a nuclear post-attack scenario with substantial destruction in the United States. In the latter, he observed, lack of information would be extremely difficult to deal with if

controls were imposed. He noted that, as an example, demand deposits would be practically unavailable and the tax collection system would be lost.

Ms. Constance Horner, from the Office of Management and Budget, supported the CEA position and recommended at least a temporary withdrawal of the Working Group products.

Mr. Danny Boggs, from the Department of Energy, suggested a focus on fiscal/monetary tools, stating that controls are not helpful.

General Russell suggested that it is important to retain this information to be aware of the materials available. He pointed out that the real challenge, however, is to alter the old material on the books in order to have something in place, citing, for example, that the Office of Defense Resources concept has been around since the early 1970's.

Dr. Johnson said he agreed with much of what had been said and that Treasury has a draft paper which deals with different scenarios. He suggested that these could be a starting point, but agreed that more details need to be fleshed out. He responded to Dr. Ikle's comments by suggesting that the report be retitled "Emergency Public Finance" and be restructured to focus on public finance arrangements. He indicated that Treasury does have a report, "A Strategy for Public Finance in an Emergency Situation", and will make it available to the Working Group.

The Chairman summarized that the Working Group needs to examine alternative scenarios and develop the best estimates of what could occur, including the destruction of resources, records and the infrastructure, and then develop the problem with alternative courses of action. He asked Mr. Niskanen to provide alternative conditions where controls might be necessary. These could lead to fiscal/monetary and management policy recommendations. He further requested that CEA prepare a draft paper within two weeks which would identify various options, describe experiences of other nations with control systems, and develop terms of reference, or factors to be considered in a study of alternative policy courses. The draft paper will be sent to Board members for comment and to Treasury within one month. The Working Group is to reconvene by October 1 to consider their products in line with the terms of reference.

The Chairman adjourned the meeting at 5:00 P.M. The attendance list is at attachment 2.

Attachments

## EMERGENCY AUTHORITIES COMPUTERIZED RETRIEVAL SYSTEM

Under the auspices of the Government Operations Working Group of the Emergency Mobilization Preparedness Board, FEMA coordinated an effort to (1) develop a comprehensive list of all Federal emergency authorities (covering all types of emergencies from natural disasters to nuclear war) (2) produce an easy to understand "English language" synopsis of each authority; and (3) develop a computerized retrieval system which is useable by Federal officials throughout the country.

The resulting Emergency Authorities Computerized Retrieval system (the system) is designed to provide attorneys and program personnel within the Federal government with a means of quick access to all Federal authorities pertaining to both peacetime and national emergencies. Its purpose is to reduce response time to questions of legal authority, thereby enhancing the ability of the Federal government to repond to emergency situations. Accordingly, the system is designed to encompass the full array of Federal government functions and will be made available government-wide. The system serves as an educational tool and a means of identifying areas within the Federal domain requiring additional legislation or regulation. In summary, the combined effect of the system is to enhance emergency preparedness of the Federal government.

For the purposes of this system, an emergency authority is broadly defined as any Federal legal authority, exclusive of case law, which impacts during either a peacetime or national security emergency. Emergency would include national disasters, catastrophes, national emergencies, war, as well as any other exigent circumstances.

Compilations of Federal emergency authorities contain:

- o statutes
- o Executive Orders
- o regulations
- o treaties
- o delegations of authority

Case law has been excluded from the data base because of problems associated with both the accuracy of digesting such law and the manageability of updating such information. Users of the sytem are expected to consult case law as a second stage inquiry in order to complete their understanding of the scope of any particular authority.



THIRTEENTH BOARD MEETING  
JULY 11, 1984  
OLD EXECUTIVE OFFICE BUILDING  
INDIAN TREATY ROOM 474  
4:00 - 5:00 P.M.

ATTENDANCE LIST

MCFARLANE, Robert C., Chairman	Assistant to the President for National Security Affairs
(ALT) DE PREE, Willard A.	Department of State
(ALT) JOHNSON, Manuel H.	Department of the Treasury
IKLE, Fred C.	Department of Defense
(ALT) STEPHENS, Jay	Department of Justice
(ALT) MORGAN, John	Department of the Interior
LYNG, Richard E.	Department of Agriculture
(ALT) WETHINGTON, Olin L.	Department of Commerce
FORD, Ford B.	Department of Labor
O'SHAUGHNESSY, John	Department of Health and Human Services
ABRAMS, Philip	Department of Housing and Urban Development
(ALT) KARAM, Raymond	Department of Transportation
BOGGS, Danny J.	Department of Energy
(ALT) RUSSELL, Horace	National Security Council Staff
STAT(ALT) DAVIS, Randall	Office of Policy Development
(ALT) HORNER, Constance	Office of Management and Budget
	Central Intelligence Agency
CHAPMAN, Bruce	Office of the Counsellor to the President
(ALT) COWHILL, William J.	Organization of the Joint Chiefs of Staff
KEYWORTH, George	Office of Science and Technology Policy
GIUFFRIDA, Louis O.	Federal Emergency Management Agency
VILLELLA, Fred J.	Emergency Mobilization Preparedness Board Executive Secretary
KICHLIN, James L.	Federal Reserve System
NISKANEN, William	Council of Economic Advisers

# EXECUTIVE SECRETARIAT

## ROUTINGSLIP

TO:

		ACTION	INFO	DATE	INITIAL
1	DCI				
2	DDCI		✓		
3	EXDIR				
4	D/ICS				
5	DDI				
6	DDA				
7	DDO				
8	DDS&T				
9	Chm/NIC				
10	GC				
11	IG				
12	Compt				
13	D/Pers				
14	D/OLL				
15	D/PAO				
16	SA/IA				
17	AO/DCI				
18	C/IPD/OIS				
19	C/PS	✓			
20					
21					
22					
SUSPENSE		Date			

Remarks

Executive Secretary

7/5/84

Date

3637 (10-81)



## EMERGENCY MOBILIZATION PREPAREDNESS BOARD

Washington, D.C. 20472

Executive Registry

84-2773

JUL 3 1984

MEMORANDUM FOR: Board Members

FROM:

*Fred J. Villella*  
Fred J. Villella  
Executive Secretary

SUBJECT: Board Meeting

The thirteenth meeting of the Emergency Mobilization Preparedness Board is confirmed for 4 p.m., on Wednesday, July 11, 1984, in the Indian Treaty Room 474, Old Executive Office Building. The agenda is attached.

The purpose of the meeting is to consider the adequacy of the Nation's plans for economic and fiscal mobilization. A briefing on standby controls, as developed by the Economic Stabilization and Public Finance Working Groups, will be presented for the Board's consideration in terms of adequacy and comprehensiveness.

It is imperative that a full range of options be developed from which the President may choose should the necessity for intervention into the market arise. As one of our members said recently: "Fiscal and economic mobilization planning is an area wherein there is likely to be controversy and division, and thus all the more reason for putting it on the table now."

A meeting of Board Liaison Officers was held on June 27 to prepare for the July 11 Board meeting. Copies of the Working Group's products had previously been furnished to the Liaison Officers as well as to your office.

A number of concerns emerged from that meeting. While generally appreciative of the efforts of the Working Group, which is headed by the Department of the Treasury, a range of reservations was expressed. Some of the comments included:

- The need for a more rigorous economic analysis to include econometric modeling. More discussion of the options is required.
- The opinion that the deliverables were selectively biased in favor of controls. Measures based upon market forces should be developed more fully. More decontrol of the economy, even in peacetime, should be an option.
- A full range of options should be developed, covering the whole economic spectrum, for the President's consideration if needed.

L-315

EX-11  
EXEC  
REG  
L-315

- Accelerated tax write-offs should be an option. During the Korean Conflict, for example, the accelerated tax-amortization program was effective in stimulating the private sector to expand industrial capacity.

- Price controls have serious drawbacks. They discourage production of needed supplies, encourage unessential uses of critical materials, and discourage imports and encourage exports. Controls also invite efforts, such as black markets and barter, to circumvent the controls, thus undermining respect for the law.

- Standby controls should be based upon current information; some of the material used in developing the documents was dated or inaccurate.

Deliverables from other Working Groups should also be reviewed in terms of the part they play in economic and fiscal mobilization. For example, the Human Resources Working Group recently concluded that existing procedures for dealing with labor management disputes in an emergency are adequate, even though some reservations have been expressed elsewhere.

Although a good start has been made toward achieving an acceptable package of economic options for the President's choice in an emergency, more work must be accomplished, more innovative approaches tested, and more points of view taken into consideration before the task can be considered accomplished.

Attachment

EMERGENCY MOBILIZATION PREPAREDNESS BOARD

THIRTEENTH MEETING

July 11, 1984  
4:00 - 5:00 p.m.  
Indian Treaty Room 474  
Old Executive Office Building

AGENDA

Opening Remarks	Honorable Robert C. McFarlane
Status Report on Plan of Action	Honorable Fred J. Villella
Briefing on Economic and Fiscal Mobilization	Honorable Manuel Johnson
Discussion of above	The Board
Closing Remarks	Honorable Robert C. McFarlane